Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

1.9
Ec752Ww

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

LIBRARY
RECEIVED
★ SEP 13 1933 ★
U. S. Department of Agriculture

WOOL-62

June 30, 1933

WORLD WOOL PROSPECTS

Summary

Rising prices for raw wool and semi-manufacture, active trading and increased manufacturing activity were reported from the principal wool manufacturing countries during May and the first half of June according to the Bureau of Agricultural Economics. In the domestic wool market the increased buying and rapid advance in wool prices which began the latter part of April continued with only brief interruptions during May and June. Prices of strictly combing territory wools, scoured basis, on the Boston market the third week of June were 60 to 80 percent higher than the March 1933 low point and 90 to 120 percent higher than in July 1932. Prices in the domestic market at present are considered close to import parity but prices are still rising in foreign markets.

Wool consumption by United States manufacturers reporting in April was 12 percent greater than in March and 50 percent greater than in April 1932. Further improvement is reported in textile mill activity for May and June. Developments in the domestic industry in the near future will depend in part upon the working of the new Industrial Recovery Act and on measures designed to increase consumer purchasing power. Consumer incomes have been low for the past 3 years and replacement needs for clothing and other textile manufactures are undoubtedly large.

Arrivals of domestic wool at Boston from April 1 to June 17 amounted to 57,598,000 pounds. This was about equal to the average for the 5 preceding years and were much larger than last year when marketing was later than usual. Imports of foreign combing and clothing wool remain very small but there has recently been an increase in imports of carpet wool.

Machinery activity increased in England during May and June with the most marked improvement in the combing section. The usual seasonal decline in activity appears to have been offset by a generally improved tone throughout the industry. The improvement in the continental European industry which began late in April was stimulated by rising prices in primary markets and developments at the London sales in May. Trading in tops, noils and raw wool has increased considerably. Increased sales of yarn and manufactures have resulted in an increase in wool manufacturing activity.

Recent reports of unfavorable weather conditions in the Western Range States of the United States and in important sheep areas of Australia are expected to affect the 1933 clip in those countries adversely.

Owing to heavy losses in the late spring, the combined losses during the winter and spring months in the United States are now reported as above average by the Division of Crop and Livestock Estimates. The preliminary estimate of the 1933 Australian clip, to be shorn during the last few months of this year, indicates a material reduction from the unusually heavy production of the last 2 years. Conditions in the Union of South Africa point to a further reduction in that country in 1933. In Argentina, Uruguay and New Zealand conditions appear generally favorable for carrying sheep through the winter months (June-August) although no estimates of the coming clips are as yet available.

Exports of wool from the principal countries of the Southern Hemisphere are now falling off, as the bulk of the 1932 wool clips have now been shipped. Shipments for the season will probably constitute a record with very little wool carried over into the new season beginning July 1 in Australia, New Zealand and the Union of South Africa, and October 1 in Argentina and Uruguay.

Marketing Situation

United States

Active buying of wool in the West and at Boston and the rapid advance in domestic wool prices which began the latter part of April continued with little interruption through May and June. Periods of hesitancy in the advancing tendency of prices at Boston have occurred, as buying occassionally slowed up, but these periods have been brief and prices continued to advance when trading was resumed, reports R. L. Burrus of the Boston office of the Bureau of Agricultural Economics in his Review of the Wool Market for the month ended June 15.

Finer grades of territory wools have again led in the increased demand. In mid-June good French combing and average strictly combing 64s and finer territory wools in original bags sold in sizable quantities at 67-70 cents a pound, scoured basis. While few of the new wools had been graded to that time dealers were asking 69-71 cents scoured basis for graded strictly combing 64s and finer territory wools and 67-68 cents for graded French combing of similar quality. Graded strictly combing 58s, 60s territory wools were quoted at 68-70 cents, scoured basis, and sold in original bags at only a slight discount from this range.

The available supply of medium and low territory wools has been small and prices on these wools are very strong. Strictly combing territory 56s sold at 63-65 cents, scoured basis, the middle of June and 48s, 50s at 60-62 cents, while common and braid wools which were available only in small quantities sold with little difficulty at 45-47 cents a pound, scoured basis.

Good combing Texas wools have recently sold rather slowly owing to the early sales of the large carry-over of old wools in the early part of the current movement, but recently the shorter wools have sold rapidly and prices have made strong advances. California wools have moved readily. Good Mendocino wools have sold at 65 cents scoured basis, good northerns bring 62-63 cents, and the best Middle County and southern California wools sell at 60-62 cents.

Ohio and similar fleeces were not in active demand the early part of June but interest again revived toward the middle of the month. Fine Ohio delaine sold at 28-30 cents a pound in the grease the middle of June. This would mean about 72 cents scoured basis for the best bulk strictly combing staple. Half blood 58s, 60s Ohio and similar fleeces have been slow but sales have been closed at 28-29 cents in the grease. Ohio and similar 56s and 48s, 50s were established at 32-33 cents in the grease the middle of June, while available offerings of low $\frac{1}{4}$ blood 46s sold readily 29-30 cents in the grease.

Demand has been good for all types of woolen wools and prices have advanced sharply in the past month as a result of the persistent demand and relatively small supply of many lines. Numerous types of scoured, pulled wools were sold the middle of June at prices 10-12 cents higher than those of a month earlier. Noil prices have also advanced sharply. While they have been only moderately active, high asking prices rather than lack of demand apparently restricted the movement.

The market on wool tops has been very strong. The bulk of the movement has been on 60s and finer tops though sales have been closed on lower counts. Average 64s combed in oil sold at 90-93 cents the middle of June. Asking prices on 60s were 90-94 cents. Deliveries of tops on contracts have been very heavy and all combing machinery in commission combing plants of the Boston district appeared fully occupied in mid-June.

Consumption of combing and clothing wool by manufacturers reporting to the Bureau of the Census in April was 24,066,000 pounds (grease equivalent). This was 12 percent greater than in March and was 50 percent greater than the consumption reported in April 1932. The continued activity in the wool market, increased purchases of cloth and a marked expansion in mill activity indicate a continued improvement in consumption during May and June. Various wool trade journals report that many mills are sufficiently sold up on goods to keep their machinery running close to capacity well into August. Further developments will probably depend considerably upon the outcome of present measures to hasten industrial recovery and improve consumer purchasing power. The supply of wool available for consumption (production plus net imports) in the United States in 1932 was with the single exception of 1924 the smallest since 1913. Stocks of raw wool at the beginning of the new season on April 1, 1933 were small and the same condition was believed to apply to stocks of cloth and manufactured materials. The low consumer purchasing power of the last few years has restricted purchases in many cases to absolute necessities. Replacement needs are undoubtedly large.

Arrivals of domestic wool at Boston increased rapidly during May and June. Receipts for April and May were about equal to the average for that period in the 5 years 1928-1932 and were considerably larger than receipts for April and May 1932. Marketing of the clip was later than usual in 1932. Receipts from April 1 to June 17 amounted to 57,598,300 pounds compared with 37,472,500 pounds received in the same period of 1932. Imports of carpet wools for each month since March have been larger than those of the same month in 1932 and there have recently been reports of increased purchases by American buyers in the Southern Hemisphere countries. Imports of combing and clothing wool for the first 5 months of 1933, however, were only 2,895,000 pounds compared with 11,795,000 pounds in the same months of 1932. Imports of carpet wool were 20,605,000 pounds compared with 24,058,000 pounds in 1932.

United Kingdom

Demand for wool improved in May and early June in the United Kingdom and prices advanced, reports H. E. Reed, Senior Marketing Specialist in England. Trading in spot wools of finer grades continued brisk at prices in keeping with the London auction levels. The British domestic clip is now being marketed. Prices were reported to be rising under brisk foreign competition the middle of June. Downs wool was bringing 3 pence to 4 pence a pound above last year's prices.

The improved tone and rising prices in the raw wool market has been reflected in the market for semi-manufactures at Bradford. Prices of finer grades have made the greatest advance as demand is heaviest for this type. Lower grades have also improved in recent weeks. The brisk trading in tops reported in early May subsided somewhat as users covered requirements. Prices continued to advance on the strength of raw wool prices and while users showed reluctance in following the advance the market continued firm. Yarn prices have improved though hardly to the extent of the advance in tops. New busines

has been booked in yarns and there is a steady turnover in this line. A more confident tone has also developed in the finished goods end, and improved machinery activity and home consumption were reported in June. The coatings section of the industry was reported to be well employed and there were indications of improvement in the dress goods section. Men's wear piece goods is rather quiet, but this is a between-seasons period for such mills. The position of by-products is strong. America is buying the better classes of this stock.

The higher combing charge which will come into operation July 1 has resulted in unusual combing activity in Bradford which is expected to continue at least until July. The Bradford conditioning house reported 5,241,000 pounds of tops conditioned during May as compared with 3,841,000 in April and 3,282,000 pounds in May 1932. It appears that the usual seasonal decline in activity has this year been checked by the improved tone throughout the industry.

The third series of sales which opened at London on May 9 closed on May 31 with prices at the highest level of the series. American buying, while not in large quantities, was an influence on the market after the long absence of American orders. A strong demand from German spinners for merino wools and the Yorkshire demand for crossbreds led the improvement.

The offering of merinos was light. The crossbred offering was heavy and included some excellent greasy clips. A total of 139,083 bales were catalogued. English buyers took 62,500 bales and the Continent took an equal amount. Purchases for the United States were estimated at 3,000 bales. The carry-over of 73,000 bales is largely New Zealand wools, only 16,500 Australian and 1,000 Cape being included. About 67,500 bales of the carry-over have not been offered. The next series at London will open July 4.

Continental Europe

The improvement in the continental European wool situation reported for the latter part of April continued through the month of May and into June. Reports for May from all important wool textile centers were entirely favorable, according to a report from the Berlin office of the Bureau of Agricultural Economics. Trading in tops, noils and washed wool increased considerably during May under the stimulus of rising prices in primary markets and the favorable developments at the London auctions. Sales of yarns and manufactures were also favorable during May and industrial activity improved somewhat. For the first time in many months the woolen spinning section reported improved business and mill activity.

Prices of wool and semi-manufactures increased during May in France and Germany. In Germany the price of domestic A/AA scoured wool converted to United States currency was 41 cents a pound June 1, compared with 36.4 cents on May 1. Cape fine 6-8 months wool, washed, was 36.5 cents on June 1 compared with 34.3 cents on May 1. French quotations on Australian merino 64s tops converted to United States currency were 47.6-48.7 cents a pound June 1, compared with 44.9 cents early in May.

Stocks of wool tops held in combing establishments of Germany and France were slightly smaller on May 31 than at the end of April, while stocks in Belgium showed little change. Stocks of tops have been above average in

recent months. Conditioning houses of France and Belgium reported a large increase in the amount of wool tops and yarn treated in May as compared with April. The amount was also much larger than in May 1932.

Developments in continental countries during May are summarized by the Berlin office as follows:

Trading in noils, washed wool and particularly tops was very active in France during the month of May. Buying interest was considerably stimulated by the rising prices in overseas markets and by the more hopeful development in current sales of manufactures. Prices of tops and noils as well as of yarns at Roubaix-Tourcoing moved strongly upward, and futures quotations have also risen considerably. New business in yarn and manufactures was important, particularly in the worsted section. Woolen mills, however, also reported increased sales toward the end of May. As a result, mill occupation in all sections of the industry showed a rising tendency.

In Italy the favorable developments in trading of tops noils and raw wool, reported for the second half of April, continued throughout May. Stimulated by optimistic reports from the London auctions and the firm tendency on the futures markets of Roubaix and Antwerp, business was generally large. Special interest was exhibited for fine crossbreds and medium merinos. The somewhat quieter tone at the end of May was accounted for by the large acquisitions made during the first 3 weeks of the month. Somewhat improved sales of yarns and manufactures resulted in moderately increased occupation of the industry. The knitting branch was especially favored.

Business in Belgium in washed wool and noils was reported to have been fairly large in May, and top trading also showed some improvement. Mill sales of yarn and manufactures have also increased, and unfilled orders on hand have risen recently in the woolen spinning section as well, which had been neglected for a long time.

Continuance of the relatively favorable tendency of German trading in tops and noils was reported for most of May. Considerable business at rising prices developed in fine crossbred and medium merino top, as well as in noils. The encouraging reports from overseas and from the London auctions, where Germany was an outstanding buyer, had a favorable influence upon business sentiment on German markets. Trading in washed wool also increased, and prices of domestic German wool moved upward in sympathy with foreign markets. New sales of yarn and manufactures, including knitted goods, were reported satisfactory, and mill occupation increased slightly during May.

The last quarterly report of the German Institute for Economic Research, issued at the end of May, states that in recent months the German wool industry has experienced a revival similar to that in the cotton industry. Stocks of tops and washed wool, as compared with last year, have been considerably increased as the acquisition of raw material supplies has exceeded the needs of current consumption. The reasons for this policy, the Institute thinks, have been the extraordinary low level of wool prices and the growing tendencies in favor of measures to protect domestic German wool production. Stocks of manufactures in the retail trade are small. A significant feature of the German wool textile situation, according to the Institute for Economic Research, is that prices of woolen material are hardly below their level of 2 years ago, whereas prices of other textiles have fallen considerably during the past

2 years. The Institute claims that the resulting reduction in the competitive strength of woolen material, as compared with other textiles, has only partly been offset by the increasing production of lighter goods.

Considerable anxiety has been expressed recently regarding the tendencies to promote the use of domestic wool by the German industry. Several organizations, including the army, the railroad administration, the police, the labor service, and the steel-helmeters, have agreed to purchase only such material for uniforms as contains at least 40 percent of domestic wool of AB - fineness. It is demanded that the use of German wool by the industry be further expanded, which may impair the sales possibilities for the industry.

Southern Hemisphere

Sales in the Southern Hemisphere during the past month have been mostly of a clean-up nature. Australia offered clearing lots at many centers in June. Competition was excellent at all sales and prices were advanced repeatedly. Japan and France bought heavily at Sydney and Brisbane and American buyers were reported to be operating in most centers.

Demand was strong for all wools in the Union of South Africa during April and May. Sales at this time are chiefly of short and medium wools and the season is generally closed during May. The improvement in prices resulted in larger receipts of short wools than had been expected. During April short wools sold at 19 to 24 cents for super and 14 to 17 cents for average shorts, clean scoured yield, reports American Agricultural Attaché Taylor. In April 1932 short wools were quoted at 12 to 14 cents, prices in South African currency show a greater increase.

The improvement in activity in the Argentine wool market which began late in April continued during May, reports Assistant Trade Commissioner J. B. Smith at Buenos Aires. Interest was general for all types of wool and prices increased considerably. Toward the latter part of May a marked firmness became evident in coarse wools and second clip wools from all origins, especially the bright clean coarse crossbred wools which until recently have been particularly hard to sell. Buyers were willing to consider purchasing these wools of past clips as well as those of the last clip. The demand for fine crossbred wools held up as usual but there were no sales of importance due to small stocks. The same was true of medium crossbreds though stocks of these wools were more plentiful.

Supply Situation

United States

Recent reports of above average winter and spring sheep losses will tend to reduce the number of sheep shorn this spring although some of the losses occurred after shearing. Sheep conditions on western ranges which were fairly good up to the beginning of March grew worse during that month and continued to be considerably below normal through April and May. On June 1 the condition was lower than at the same date for the 11 years in which such reports have been issued according to the Western Livestock and Range Report of the Division of Crop and Livestock Estimates. The condition on that date was only 83 percent of normal compared with 87 percent at the same date of 1932 and a 10-year average of 93 percent.

Sheep and lamb losses the past winter were greatly increased by rather heavy losses during April and May. So that total losses for the winter and spring in the Western Range States seem to be little below the very heavy losses of the winter of 1931-32. Late April and May storms were severe on ewe bands in Wyoming, Utah, Nevada, parts of Oregon, Idaho, Washington, Montana and Colorado while short feed affected sheep in California, Arizona and New Mexico. In Texas there were some losses after shearing and moisture is needed in the western part of the sheep country.

The cendition of ranges on June 1 was also the lowest in 11 years with the exception of 1931 when the condition was the same at that date. Range feed is late but most of the northern and higher areas received ample moisture during late April and May. With the late starting of feed in the northern areas summer ranges will depend on temperature and moisture conditions, while in the southwest areas that are dry will be short unless moisture is received.

An analogy has already been drawn between this year and 1930. That year sheep numbers on January 1 were about the same as they were this year and the condition on western ranges was approximately the same from July to February. The similarity ceased in March, however, and since then conditions this year have grown werse whereas in 1930 they grew decidedly better. Sheep conditions this season have been better each month than they were last year, with the exception of June.

The number of sheep shorn in 1932 was 44,431,000 compared with 46,284,000 in 1931 and 44,267,000 in 1930. The yield per fleece last year was only 7.75 pounds compared with 8.04 in 1931 and 7.91 in 1930. The average weight for the 8-year period 1925 to 1932 was 7.8.

Australia

The coming Australian clip is now expected to show a material decrease as compared with the record total for 1932-33, according to the joint estimate of the Australian wool growers brokers sent by cable from Agricultural Commissioner Paxton. The quantity of new clip to be handled by Australian brokers the coming season is estimated at only 2,675,000 bales, a decrease of about 8 percent compared with the estimated quantity handled during the season just closed. This estimate for the 1932-33 season, is based on receipts into store for the 11 months ended May 31, 1933. Eighty-three percent of the 1933-34 clip is expected to be merino, according to Agricultural Commissioner Paxton. This is approximately the same percentage as in the 1932-33 season.

The droughty conditions which have been developing in certain parts of the country, especially in New South Wales and Queensland, since the beginning of the year are evidently more serious than one would be led to believe from reports received so far. A cabled report under date of June 20, however, states that drought is now particularly severe in the eastern districts of New South Wales and that squatters are being forced to shear 8 months wool in order to save portions of their clips.

At the beginning of 1933 a conservative estimate placed sheep numbers at the record total of 115,000,000, according to Consul Dye in his report of March 28, 1933. The number at the beginning of 1932 was officially estimated at 110,619,000 compared with 110,568,000 at the beginning of 1931 and an average of 103,329,000 for the preceding 5-year period. In January heavy

losses of sheep were reported in the northern district of Queensland where sheep numbers are not very dense.

Slaughter of sheep and lambs for export for the 7 months from the beginning of the last shearing season to March 30, 1933 exceeded those of the year before by 1,000,000 head or 30 percent. The latest estimate of total slaughter of sheep in Australia is 16,000,000 for 1930, 39 percent of which were slaughtered in New South Wales. During the year 1931 slaughter in New South Wales was officially estimated at 6,800,000 head.

The preliminary official estimate of the New South Wales wool clip for the season ended June 30, 1933 is 517,000,000 pounds, an increase of 2.7 percent above 1931-32 and 11 percent above the preceding 5-year average. New South Wales in the 5-year period 1927-28 to 1931-32 produced 49 percent of the total production of Australia.

Receipts of the 1932-33 wool clip at Australian selling centers for the 11 months ended May 31, 1933 reached 876,000,000 pounds and exceeded those of last year by 3.8 percent. Stocks at the end of May had dropped to 48,000,000 pounds and were 23 percent below the same date of 1932.

Exports for the 11 months ended May 31, reached 903,006,000 pounds, an increase of 12 percent above the same period of 1931-32. The 5-year average 1926-27 to 1930-31 for that period was 747,000,000 pounds. Exports by countries for the 10 months ended April 30 amounted to 838,000,000 pounds, an increase of 9 percent above the same period of 1931-32. The increase in exports to Japan and the continental countries was as follows: Japan, 3 percent; France, 14 percent; Germany and Austria, 39 percent; Holland and Belgium, 38 percent and Italy 8 percent. Exports to the United Kingdom fell 4 percent and those to the United States and Canada were less than one-third as large. The United Kingdom took 265,000,000 pounds or 31 percent of the total, Japan 184,000,000 pounds or 22 percent, the remaining 47 percent went mostly to continental countries.

New Zealand

There has been a further reduction in sheep numbers in New Zealand. On April 30, 1933 they numbered only 27,777,000 as compared with 28,692,000 at the same date of 1932. The record total of 30,800,000 was reached in 1930 and since that time the number has been declining.

The North Island flocks showed a slight increase due to greater numbers in the Hawkes, Bay - Gisborne district, but the South Island total was down nearly 1,000,000.

Exports for the 11 months ended May 31 amounted to 263,000,000 pounds, an increase of 20 percent compared with the corresponding period of 1931-32. The average for the 5-year period 1926-27 to 1930-31 was 215,000,000 pounds for the corresponding months.

Argentina

Pastures were reported to be in good condition in the province of Buenos Aires in the late fall (May). Stock owners in some of the southern provinces are having difficulty in disposing of their older surplus sheep as

lambs are preferred for freezing by the packers owing to the new British regulations. The slaughter of wethers is to be reduced 50 percent. Sheep are in fairly good condition but more rain is needed to insure winter pasture.

Argentine exports of wool continue to run above those of last season, the quantity shipped out up to the end of May, reaching 255,000,000 pounds. This is an increase of 23 percent above the same period of the 1931-32 season but 9 percent below the same period of 1930-31. The average for the same 8 months of the 5 seasons 1926-27 to 1930-31 was 256,000,000 pounds. Stocks in Argentina at the end of May were estimated at only 14,000,000 pounds, a little more than half as large as they were at the same date last year. The United Kingdom and the important continental consuming countries have taken larger quantities than they did last year whereas the United States took about 70 percent of last year's takings.

Uruguay

Flocks continued to be in a satisfactory condition, according to latest reports. Although in some districts more rain was needed to insure winter feed, pasturage was reported as generally plentiful in mid-autumn.

It is unofficially estimated that exports for the season ending September 30 will reach 103,000,000 pounds, an increase of 10 percent compared with the unusually reduced exports of last season, according to the May Monthly Circular of the Bank of London and South America, Ltd. The average for the 4 seasons ended with 1930-31 was 140,000,000 pounds.

Actual exports for the 8 months ended May 31, 1933, reached 102,000,000 pounds, however, and were 46 percent greater than for the same period last year but were smaller than for the 3 preceding years. As in the case of Argentina the United Kingdom and the important continental countries all took heavier supplies, whereas exports to the United States were practically negligible.

Union of South Africa

It is not believed that production in the Union of South Africa for the season just closed will reach the original estimate of 301,000,000 pounds, according to Agricultural Attaché C. C. Taylor. Production is expected to be in the neighborhood of 298,000,000 pounds compared with 306,000,000 in 1931-32. The 1933-34 clip is expected to show a further slight reduction. For the 4 seasons 1928-29 to 1931-32 the clip exceeded 300,000,000 pounds.

Receipts of wool into store for the 11 months ended June 2 totaled 309,000,000 pounds, an increase of about 8 percent above the same period of 1931-32. About 9,000,000 pounds of old clip wool or the remainder of that not already marketed or destroyed as too inferior for shipment in previous seasons was marketed during the season just closed.

Exports for the 11 months ended June 2 reached the record total of 323,000,000 pounds, an increase of 9 percent above 1931-32. Only 3,000,000 pounds of wool remained unsold on June 2, 1933.

---------- 0 ----------